

**TOWN OF SUDBURY MASSACHUSETTS**  
**STRATEGIC FINANCIAL PLANNING COMMITTEE FOR OPEB LIABILITIES**  
**MINUTES**  
**Wednesday, October 29, 2014**

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Present: Selectman Lawrence W. O'Brien, Selectman Charles C. Woodard, SPS Committee member Lucie St. George, Finance Committee member William Kneeland; L-S School Committee member Kevin Matthews; Town Manager Maureen G. Valente, Assistant Town Manager Maryanne Bilodeau, Finance Director Andrea Terkelsen, SPS Business Manager Mary Will, L-S Superintendent Bella Wong, L-S Business Manager Patrick Collins and Finance Committee member Mark Minassian.

The statutory requirements as to notice having been complied with, the meeting was convened at 8:04 a.m. by Chairman of the Committee Larry O'Brien in the Silva Room, Flynn Building, 278 Old Sudbury Road.

Miscellaneous

Mr. O'Brien asked if everyone had the chance to review the minutes from October 15, 2014. Mr. Kneeland replied that he knows the conversation took place, but that he did not make a comment contained on page 2 of the minutes. It was agreed that Mr. Matthews was the person who made that comment.

Discus FY16 OPEB related activities that could be initiated

Mr. O'Brien talked about how couple of years ago at Town Meeting the idea to use Local Option Rooms Tax Revenue was presented. This might be one stream of revenue that could be an option to fund part of our OPEB obligation. We could do this in a couple of ways:

- Send an act to legislators asking to grant us permit to dedicate this funds to this purpose.
- Create a line item that will state that we will move a comparable amount of cash each year into the OPEB fund.

This is an easy identifiable source of money that people can understand. If this could be an annual practice it will help us reach part of our goal.

Mr. Matthews replied that he was actually opposed to this idea few years ago, but he agrees that this might be a good idea now.

Mr. Woodard also recognizes that he was not a big fan of this idea few years ago either, but he could see that this might help part of the funding.

Ms. Valente suggested also setting a target similar to the Normal Cost (NC). We could then begin setting aside funds towards our unfunded liability. For example, if we were fully pre-funded, for Town and SPS will be \$471,000. If we look at the number as pay as you go the number is 1.5 Million. The goal would be to start by setting aside an amount between those two numbers each year.

Mr. Woodard stated that going forward this (setting aside funds) should be part of the budget as part of operating business.

Ms. Wong informed the group that LSRHS has received a draft of the latest OPEB study which will be presented to the School Committee next Tuesday.

Mr. Woodard suggested that we should focus on the following for possible recommendations:

1. Start building normal cost into budget (\$471K + \$1.675 M= ARC of \$2.1M. (Use pre-funding basis). The Town of Lincoln would need to match funds in accordance with the LS regional agreement.

2. Address Unfunded Liability

- a. Use Free Cash or other surplus available resources perhaps using the usual budget split for Sudbury.
- b. Goal of funding our full OPEB obligations could be FY 2045. However, we would need to make ongoing evaluations and possibly adjust due to economic constraints, etc.
- c. Local Option money such as suggested by Mr. O'Brien could be put towards the unfunded liability also.

3. Re-evaluate all funding strategies every two years based on the results of each OPEB study.

Other recommendations from the group are to include:

- A. Establishing a formal Trust document
- B. Preparing articles for the May 2015 Annual Town Meeting
- C. Submitting a report of all recommendations to the Board of Selectmen

It was also mentioned that the Committee needs to decide on whether to make a recommendation for funding at least part of each cost center's OPEB Normal Cost (NC). It was suggested that this be based on the number of employees as opposed to the traditional budget allocation. The group agreed that it would need to give this issue further consideration.

The Chairman reminded the group that the BOS would also be looking for specific recommendations concerning articles for the next regularly scheduled Town Meeting.

Regarding our next meeting on November 5<sup>th</sup>, Ms. Valente mentioned that we need to be mindful of the following with respect to the current budget cycle:

- We should have a document drafted by this committee, as a recommendation to the Finance Committee, to the BOS, LS community and SPS community at this point.
- All cost centers need to budget per active employee right now.
- People are starting to work on their budgets, it might be the first and the best year to start building something. Whatever the number is.
- Our employees also need to understand the benefit that they have.
- The community needs to know the cost.

Approve minutes

Motion by Mr. O'Brien to accept minutes from the meeting of October 15, with the correction of name in the second page of the document "Kevin Matthews instead of William Kneeland" this was seconded by Ms. Bilodeau. Motion was passed unanimously.

Adjournment

Motion by Ms. Terkelsen to adjourn. This was second by Ms. Bilodeau. Motion was passed unanimously.

Meeting was adjourned at 9:47 a.m.